This memorandum was requested by the Deputy Assistant Secretary for Inter-American Affairs, International Security Affairs, Department of Defense. It was prepared by and of the Central America South Branch, ALA. It was coordinated by the Directorate of Operations and the National Intelligence Officer for Latin America and contains information available as of 5 July 1985. Questions and comments are welcome and should be addressed to Chief, Middle America-Caribbean Division, ALA,		
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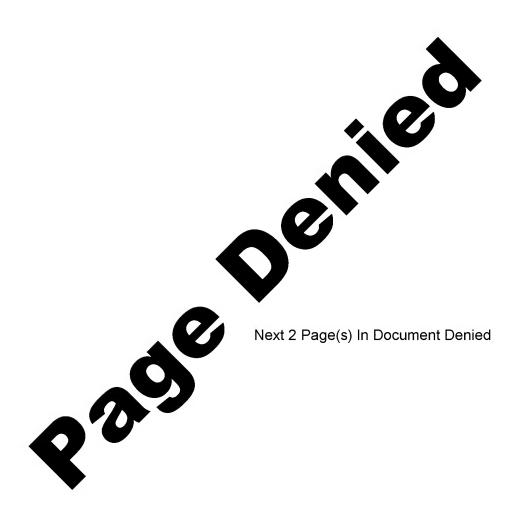
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rebels, loaning ammunition from its own stocks, and providing safehaven and logistic support.	25X1
Despite this backing, anti-Sandinista operations have suffered from inefficiencies in the procurement process and problems in getting supplies to tactical units inside Nicaragua. Managua's increased pressure on the battlefield since January and the Honduran military's insistence on shifting insurgent support bases away from the border in May further strained the rebels' fragile ground logistics system. Recently, the	

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*

insurgents appear to have overcome many of these difficulties, and new arms and materiel deliveries have permitted them to step up infiltration and combat operations in the northwest. Over the long term, however, the Sandinistas' ability to make more extended deployments in the border area and to entrench their fortifications will make the insurgents' effort to infiltrate and operate in the northern zone a more costly undertaking.

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The FDN	
Rebel groups have turned to a variety of sponsors in efforts to	
obtain funding and cover supply shortfalls. Earlier this year, we	
calculated estimates of expenses—	25X1
that the largest guerrilla group, the Nicaraguan Democratic Force (FDN),	
had raised about \$8-12 million since US Government funding was halted last	
May. Fundraising apparently has picked up	
At an estimated \$1 per day per man, it would	
cost \$450,000 per month to provide minimal amounts of ammunition,	25 X 1
clothing, and food to maintain 15,000 FDN troops. Transportation costs and attendant expenses, plus contributions to other rebel groups, could	
increase the overall outlay to approximately \$1 million per month, and the	
acquisition of heavy support weapons and surface-to-air missiles would	
boost expenses even higher.	25X1
Best estimates are that FDN leaders have used their extensive private business contacts to garner most of the funds from US corporations and	
conservative action groups, but information on identities of donors or	
amounts provided is unavailable. There has been little evidence of direct	
foreign government financial assistance to the FDN, although Honduras.	
Guatemala, and El Salvador reportedly have donated or loaned some	
munitions and supplies of non-US origin and provided transportation and	
storage.	051/4
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Forced to rely solely on overland logistics, the insurgents were hardpressed to infiltrate supplies during Managua's intensive counterinsurgency campaign from January to May. Sandinista deployments, constant attacks, and the mining of infiltration trails forced the guerrillas to use circuitous routes, delaying the arrival of supplies to combat units and limiting the number of operations that can be conducted deep inside Nicaragua. For example, even under optimum conditions, it takes 30 days to carry supplies by foot to units operating in central

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Zelaya. Combat pressure forced some rebel units closer to Honduras to fight their way out to resupply. Moreover, the government's removal of civilians from combat zones began to deprive the guerrillas of vital local sources of food and shelter, increasing the burden on the external logistics system.	25X1
The rebels have proved resourceful in obtaining material support, and the FDN's success in reinserting units into Nicaragua in June indicates that the Sandinistas still are unable to control the northern border zone. Over the long term, however, the Sandinista buildup—troop and artillery deployments, air defense improvements, and use of helicopter quaships—will make the insurgent effort a more costly one.	25 X

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